

HEADLINE NEWS
China Moves to Regain Control of Its Economy

- China's decision to devalue its currency reiterated the tight grip that the country has over its economy, and the currency devaluation was done to help improve its massive export production. The 4.4% drop was the largest since 1994, and the move could actually impact US exports, as well as put pressure on the dollar.

Market Awaits Fed Minutes

- Fed Minutes from the July policy meeting are set to be released on Wednesday, 8/19. The markets should continue to scrutinize the language for any signs on the timing of a rate hike, and, while the Fed contemplates continued easing with a possible hike in September, other central banks are continuing to tighten.

Detroit's Home County Faces Familiar Distress

- Wayne County, home to the City of Detroit, signed a consent agreement with the Michigan Department of Treasury which requires greater state oversight, but allows for county officials to remain in control of the county's finances.
- Facing similar deteriorating factors as Detroit, such as declining population, a significant drop-off in revenues, and growing costs associated with long term liabilities, Wayne County will attempt to restructure labor agreements and other expenditures to reverse a weakening financial position.
- Following a declaration of a financial emergency by Michigan's governor, the consent agreement provides county officials with stronger leverage in labor negotiations. We note that if a restructuring is unsuccessful, bankruptcy is still a possibility.

MARKET UPDATE
Muni Market Overview

- The municipal yield curve moved very little for the week, with the 5Yr still at 1.35% and the 7Yr declining by 1bp to 1.86%.
- Supply has increased over last week, with the weekly calendar at \$6.9 billion, as opposed to last week's \$5.5 billion. Further, 30-day visible supply is at \$9.8 billion versus last week's \$8.5 billion.
- Two credits that have ruled the headlines are scheduled to issue bonds this week: Puerto Rico Aqueduct and Sewer Authority (Caa3/CCC-/CC) and Michigan Finance Authority – City of Detroit Financial Recovery (NR/A/NR). Both are now scheduled to come to market on Thursday, after the PRASA deal was delayed from Tuesday.

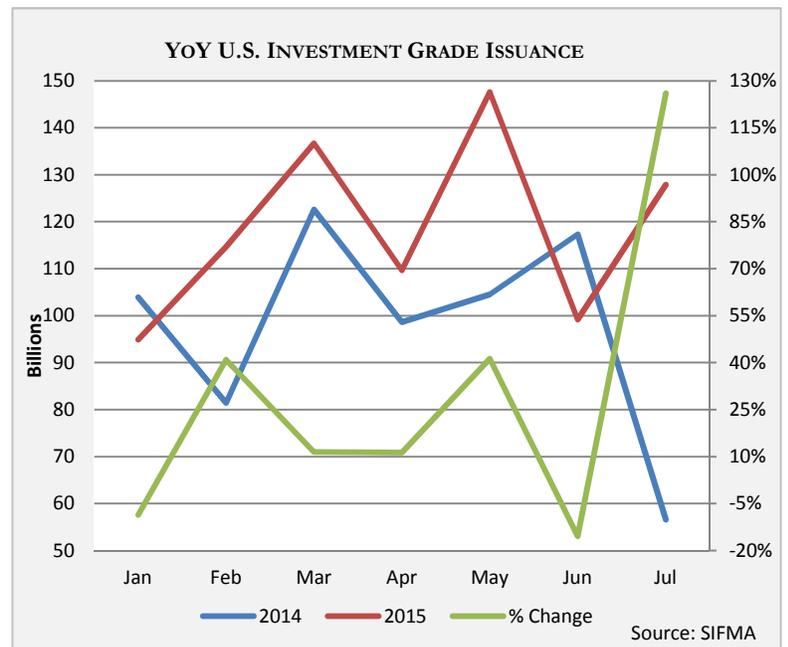
Corporate Market Overview

- US Treasuries responded in rally mode on Tuesday, with the 10Yr closing the day at 2.14% from 2.23% on Monday. This, combined with the downward spiral in commodity prices, continues to put pressure on Investment Grade as spreads hold near year to date highs. Some feel that this has created some buying opportunities in IG credit.
- Last week's \$25 billion in new issuance was well received and demand continues to be consistent while the secondary remains lumpy at times.

FIXED INCOME INDEX RETURNS AS OF 8/14/2015

	MTD	YTD
Barclays 3Yr	0.00	0.73
Barclays 5Yr	-0.06	1.06
Barclays 7Yr	-0.07	0.83
Barclays MM Short 1-5Yr	0.00	0.89
Barclays MM 1-10Yr	-0.03	0.94
ML US Gov/Corp 1-10 Yr	-0.13	1.14

Source: Interactive Data



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